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Rural Lines

JANUARY

1959

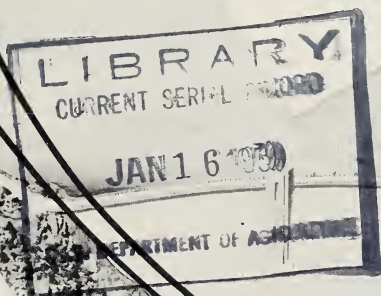
RURAL ELECTRIFICATION ADMINISTRATION • U. S. DEPARTMENT OF AGRICULTURE

BEFORE

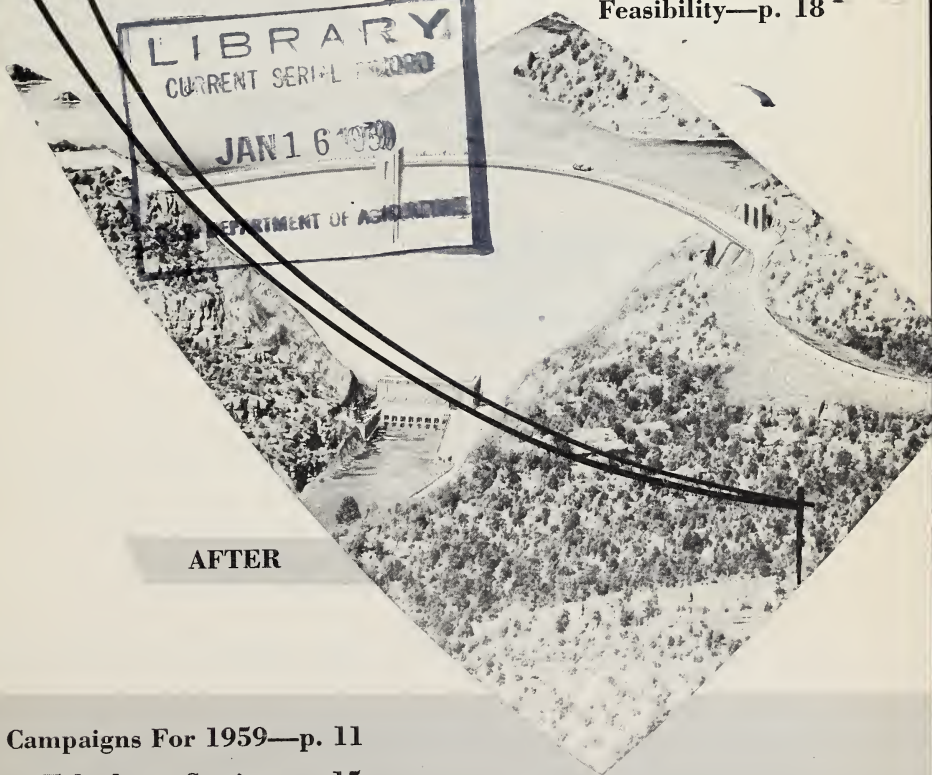


Flaming Gorge Meant

Feasibility—p. 18



AFTER



Power Use Campaigns For 1959—p. 11

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A Message from the

ADMINISTRATOR

THIS fall a leading national magazine published an article purporting to show its readers how their tax dollars are spent. In its breakdown of Federal expenditures, which included such things as rockets and missiles, it indicated that about half a cent of each tax dollar is used to provide rural electricity. Unfortunately the magazine failed to point out that the rural electrification program is a loan program, or that the money is repaid to the Government with interest.

While I have told the editor of that magazine that we would like to see a correction, I think we can all draw a lesson from the fact that such a misleading statement got into print at all. It is this: There still are many people who are not familiar with our story, even after 23 years.

I wish that the management of rural utilities would join with me in making and keeping one New Year's resolution. That is to make at least one talk on either rural electrification or rural telephony each month before a different group. One month it might be a local civic club; another month, a group of editors and reporters; another month, a gathering of farm wives; another month, a veterans' group. At the end of a year's time, this grass-roots information movement might result in a million more Americans knowing the facts about our two important programs.

David G. Hamel

Administrator.

Rural Lines

THIS MONTH'S COVER

Our Front Cover: The "before" photograph (courtesy Bureau of Reclamation) shows the site of Flaming Gorge Dam. The "after" photograph is an artist's conception of the same scene after completion.

Back Cover: Mrs. J. Lawson Hughes of Forrest City, Ark., turns on her 5-ton heat pump.

John H. Howard, Editor. Contributors to this issue: Howard C. Paine; J. Ernest Hartz; Hubert W. Kelley, Jr.; Lucile Holmes; Louisan Mamer; Don Runyon.

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Youths are trained in electrical uses in Georgia EMC programs. At fall leader training meeting, homemaking students of East Coweta High School hear Doris Oglesby, Housing and Household Equipment specialist of Georgia Extension Service, explain features in kitchen planning exhibit.

Volunteers Put It Across

IN just 2 years, rural women leaders have established a dynamic power use program for Coweta-Fayette Electric Membership Corp., Newnan, Georgia.

From the time they organized at their first training school on November 8, 1956, volunteer women leaders, now numbering more than 60, have had an effective program among the co-op's 4600 members. Without pay, leaders are performing power use and public relations services that money could not buy.

Success of the program is credited to Manager John J. Hood, Mrs. Grace Marsh, co-op home economist with public relations experience, and volunteers who have held key co-op and county positions of leadership in the co-op's program. The natural interest of women in electrifying their homes and helping their neighbors has carried the program into all communities served by the co-op.

With Enthusiasm

The co-op power use program in the three counties served operates under leadership of a county chairman, co-chairman, and several community leaders. County leaders work under guidance of three rural women serving as the co-op's power use chairman and co-chairman and a publicity chairman. Mrs. Marsh coordinates training and program activities.

LEADERS help members to get power use information by direct contact—at club meetings, special afternoon meetings for co-op women, night meetings for men and women, and special programs for youth groups.

Women responsible for attendance invite clubs in their areas, phone co-op members, send announcement letters a couple of weeks in advance and reminder cards a day or two in advance to get crowds out to special pro-

grams. Leaders present information or arrange for someone else to do it. The results: Information and action programs reach a lot of people.

Immediately after organizing in 1956, women leaders got action in a holiday appliance promotion. They sold 100 electric frypans in a campaign started at their organization and small appliance training meeting on November 8.

FOR the co-op's 1957 program, women leaders chose wiring and lighting as emphasis subjects. They taught simple wiring and cord repair techniques in lamp clinics held throughout the year. Leaders also arranged special wiring clinics and safety and wiring demonstrations for adult and youth club meetings. At year-end 18 members had changed to 100-ampere service, thus carrying out a recommendation made in the wiring educational program.

Results in the lighting program were spectacular. Hundreds of discarded fuel-burning lamps were converted to use on co-op lines. Women learned how to make shades and improved the lighting from lamps they owned. And they made study lamps or bought good lamps for study and reading centers.

BULB-size was up-graded in many homes through an effective bulb sale campaign held in the fall as a money-making activity. The co-op got widespread participation by offering five top awards ranging from \$50 to \$10 for clubs, and \$25 to \$5 for individuals with highest sales. Sales netted clubs 10 cents for each bag of bulbs sold.

Electric heating was in use in 14 homes in the winter of 1957-58 as a result of emphasis placed on this subject in leader training schools in April and October of 1957. Following a school for tradespeople and members in February 1958, eight members installed electric house heating equipment. Six more have installed electric heating and qualified for Gold Medallions on new homes since the co-op entered this program in August.

Leaders notify co-op personnel when a new home is being planned or a room is being added to a member's home in their communities. Leaders and co-op personnel combine forces to get electric heating installed wherever there is new construction.

Training programs held twice or more yearly provide co-op leaders the information needed in various activities. Leader training takes place at an all-day meeting with covered dish luncheon ("Low in calories, please," the invitation reads).

Training meetings are open to all co-op members as well as to leaders. The co-op offers small appliance door prizes as group and individual incentives for attendance. Attendance at recent schools has averaged about 150

“WITH all of us working together and having our leader training schools at about the same time and on the same subjects, we can get top talent. We expect to have an outstanding lighting authority for our leader training meetings in March 1959,” Mrs. Marsh explains.

Coweta-Fayette's program reveals that results can be obtained in a short period.

Stepping Up Sales

in a big way

“IF we’re going into a campaign with local dealers that will put more electric equipment on our lines, let’s do things in a big way.” That’s what John Denton, manager, said to the board of directors of the Valley Rural Electric Cooperative, Huntington, Pennsylvania, early last summer. So that’s what they did—using a series of direct mail ads, newspaper and radio announcements, and an attractive plus of generous cash bonuses to members buying any of five heavy appliances. The campaign lasted from June 15 to August 15, and during that 60-day period dealers in the area sold 265 large electric appliances to co-op members. Total sales amounted to more than \$61,000, a nice chunk of business.

This cost the co-op approximately \$100 a day, or a total of \$6,075—\$5,750 for bonus payments, \$325 for printed circulars and newspaper advertising. Maybe you’re thinking this is quite a lot of money to spend on a 60-day promotion. Consider, however, what Valley Rural Electric expects to get out of it, as well as the benefits members will receive. Those new water heaters, food freezers, ranges, dryers and washers will make life far easier and pleasanter for many rural families. In addition, they’ll

consume more than half a million kilowatt hours a year, a gross gain of \$9,200 in revenue to the co-op. The first year’s net margin will be more than \$3,100 and from then on Manager Denton figures that the \$9,200 will be clear gain.

What are the ABC’s of such a campaign? Well, let’s look at the record of this one, which surely is an excellent example of hard work and of cooperation between an REA borrower and local electric dealers.

AS soon as they got the go-ahead from the board, Manager Denton and his power use advisor, Leonard Parson, started planning. They christened their program the “Buy it Now” campaign. The main feature was a cash bonus to members who purchased any of the five featured electrical appliances during a 2-month period. They decided on a \$30 bonus for an electric clothes dryer, \$25 for an automatic washer, home freezer or electric water heater (52 gallons or more), \$20 for a range.

Then they prepared a full-page newspaper announcement, and scheduled it for one daily paper and three weeklies early in June. Advance copies of this ad were sent to the local appliance dealers, with the suggestion that they



Mrs. Dean Baker of Newburg, Pa., bought an automatic washer and dryer on the bonus plan.

might like to cooperate by running their own individual ads, and possibly also by offering an additional bonus.

The next step was a letter from Manager Denton to all co-op members, enclosing the announcement of the "Buy it Now" bonus offer. He urged them to watch the papers for ads, to select merchandise of proven quality, and to patronize firms known to give good service on appliances.

Most dealers followed the co-op's suggestion and ran ads, and some offered an additional cash bonus to co-op members. By the time the first month of the campaign was over, several families already had received two checks. This made the bargain irresistible to prospective purchasers who'd been holding back. One young couple who were building a new home on their farm decided to install all five of the appliances in order to take full advantage of the bonus offer.

RECOGNIZING the importance of advertising, the cooperative started the second month of the promotion with another full-

page newspaper ad, again notifying the dealers in advance. Local business firms, completely sold on the campaign, cooperated enthusiastically. Some used radio spot announcements, directed to Valley Rural Electric members, offering special inducements. One dealer staged a special Monday promotion from 4 to 9 P.M., using radio spots three or four times an hour. He sold 15 large electric appliances to co-op consumers during this period.

The co-op took the opportunity to make a partial survey of the electrical equipment owned by its members. With each bonus payment a list of appliances was enclosed, with the request that the member check those he owned and return the list. In this way it was easy to determine whether circuits in these homes already were overloaded, or whether the new purchases would create an overload. When heavier wiring or more outlets were indicated, the co-op recommended rewiring.

AS a result of this survey, changes and improvements in the wiring system were made in the homes of quite a number of members. Furthermore, several new houses under construction in the co-op service area were found to require large service entrances to accommodate new equipment that had been purchased, so the original plans were changed. All this, of course, brought business to electricians, contractors and supply firms in or near Huntington. In this way much of the \$5,700 paid out by Valley Rural Electric in bonuses promptly went into the economy of the area.

Several interesting side benefits developed from this "Buy it

Mary Lou Truce in the laundry of her all-electric home. This washer, like all the items in the Truce home, was purchased on the bonus plan.



Now" bonus campaign. A few co-op members who were considering buying other type ranges and water heaters suddenly changed their minds. The strong promotion by the co-op and the dealers brought an increase of business to various firms throughout the area. Local dealers sold out of many items and had to place immediate orders for new merchandise. And both the newspapers and radio stations profited by selling an unusually large amount of advertising during the 60-day period.

Manager Denton and Power Use Advisor Parson don't consider this a one-time-only deal. They're presenting ideas to the board for future promotions. For example, they're thinking about establishing a permanent bonus offer to members purchasing electric water heaters. Knowing these to be great labor-savers in both house and barn, the co-op would like to encourage their installation. Educational work also is being planned on other electrical equipment. The barn cleaner, for example, is an item that both Denton and Parson feel

has a tremendous potential. It would be a great labor-saver for the many dairy farmers on the co-op lines.

But whatever project comes next, everybody at Valley Rural Electric Cooperative is convinced that a carefully planned campaign, carried out in close cooperation with electric dealers and distributors in the area, means benefits for all—consumers, dealers and co-op.



Mary Lou enjoys cooking on her new table-top electric range.



Who Owns the Co-op?

THESE MEMBERS KNOW

KEEP TALKING—As any TV fan knows, advertisers don't mind repeating their messages. Repetition makes sense in co-op public relations, too. In Sanford, N. C., for example, the Central Electric Membership Corporation notified each member by mail that 13.3 cents of each dollar he had paid for electricity during 1957 had been posted to his capital credit account. Later, at the annual meeting, Manager L. R. Harris again reminded consumers of their capital investment in the co-op. Finally, a fall issue of *CEMCO News*, the co-op newsletter, repeated the capital credit story, reminding members that "the credit cannot be refunded to you in cash until the capital of the cooperative equals approximately 40 percent of the total assets of the cooperative."

ADDRESS UNKNOWN — Names of 408 former members of Northwestern Rural Electric Cooperative Association, Cambridge Springs, Pa., were listed in one of its recent newsletters. Unclaimed capital credits totaling \$2700 are due the members if they can be located, and the co-op hopes that present members can help find them. The search also tips off current consumers that their ownership means something more than some legal

language on paper; it means dollars and cents.

CHALLENGE—Several Arkansas cooperatives are using their own version of the challenge-type quiz show to teach members about co-op history and operations. As each consumer registers at the annual meeting, he receives a copy of the annual report and a set of 15 questions, which can be answered only by carefully reading the report. They are tough questions, such as "What was the co-op's average revenue per consumer last year?" and "Give the amount of property taxes paid by your co-op to any of the counties it serves." Each member writes the answers on his card and memorizes them. If called as a contestant, he must answer any three of the questions on his card without referring to the answers. A challenger also is selected, who can collect the prize if he corrects a wrong answer. Prizes are appliances, and the co-ops report that both the audience and the contestants are as tense and excited during the contest as those on any national TV show.

COME AND GET IT—Around Sibley, Iowa, members of the Osceola Electric Cooperative are notified through the co-op newsletter when the office computes their patronage credits. A con-

sumer who wants to know the amount of his credit for any preceding year may call or write the Osceola office for the figure.

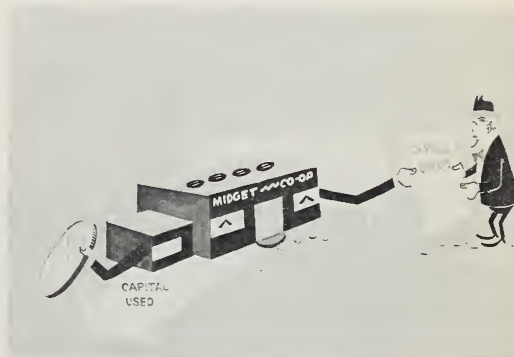
OWNERSHIP SURVEY—How many of your consumers know that the co-op belongs to them? As a check on results of its continuous member education program, the Winnebago Electric Cooperative Association, at Thompson, Iowa, asked the question on a survey-by-mail form. To the question on who owns and operates Winnebago, 362 out of 470 members replying checked “electric users”; 54 checked “stockholders”; 12 checked “U. S. Government.”

MAIL ORDER EDUCATION—Members of Middle Tennessee Electric Membership Corp., Murfreesboro, are brushing up on their knowledge of their co-op’s activities by enrolling in its special correspondence course. To get a wide response, the co-op publicized the course in its *Kilowatt News*, and included an enrollment coupon. One hundred and sixteen members completed the first lesson, which consisted of one discussion question and 30 multiple choice and true-false queries on the Annual Report. As an incentive, Middle Tennessee offered certificates for completion, and electric skillets and bulb packets for high grades. The co-op plans to toss more lessons at



its members, fitted to their needs and interests.

GREAT DAY—Why mail a capital credit payment when you can present it in person? For the past 4 years, Nodak Rural Electric Cooperative has handed out checks to eligible members at its annual meeting, an idea that has swelled meeting attendance as well as reduced postage costs. At the 1958 meeting, cash payments amounted to about \$63,500—approximately 50 percent of the 1956 operating margins. The other half of the margins went into emergency reserves, and was credited to members’ capital credits accounts for refund at some future date.



A well-informed consumer at an annual meeting on the Arkansas co-op circuit answers a couple of hard questions about the business of his cooperative. A challenger waits on the sidelines to snap up his prize if he misses.



Co-ops Publish Rural Electrification Story

COOPERATIVES in two States have just published booklets to tell their story both to members and non-members in their areas.

In Ohio, the Tuscarawas-Coshocton Electric Cooperative has paid for publication of the history of its headquarters town, "The Coshocton Story." The history was written by Robert Hershman, executive secretary of the Coshocton Chamber of Commerce, of which co-op manager Owen Manning is a director.

After reading Hershman's manuscript, originally prepared for the city directory, Manning asked county and city superintendents of schools whether they could make use of such a local history. Both replied that they were anxious to use just such a booklet in the Ohio History Course, taught in all area schools. Manning took it up with the co-op's board, which voted to publish 10,000 copies.

Besides making "The Coshocton Story" available to school children, the co-op is distributing

copies to service clubs and to industries interested in relocating in Coshocton. A copy also went to each co-op member at Christmas.

INCLUDED in the story is a photo of the co-op's board and a brief history of the REA borrower, prepared by E. C. Darling, board president and rural electrification pioneer.

Farther west, the 52-member Minnesota Electric Cooperative has published "Prosperity through Power," an 8-page illustrated brochure which emphasizes that electric co-ops are "self-supporting, self-liquidating, and tax-paying."

Use of the brochure will be up to the individual co-ops, but the plan of Douglas E. Wallace, manager of Nobles Cooperative Electric at Worthington, Minn., seems typical. Wallace reports that he will have the co-op's name imprinted on his copies, pass them out at annual meetings, civic club luncheons, "and any public gathering where we can tell our rural electric story."

HEATING ISSUE—Photos of 23 electrically heated homes with informational captions appeared in a special June heating issue of *REMC Current Comments*, published by Parke County Rural Electric Membership Corp., Rockville, Ind. Each caption included user's name, address, area of house, type of heating, estimated and actual operating cost; and some captions gave an explanation of variations from estimated cost or cause of unusually low or high figures. Publicity material was obtained from metered in-

stallations used in the winter of 1957-58.

HEATING WEEK—A chance on a complete electric house heating installation as a registration door prize helped draw more than 200 members to an open house held in September by Ravalli County Electric Cooperative, Corvallis, Mont. During the period, designated as "Electric Heating Week," representatives of electric heating firms displayed their products and advised members on house heating designs.

POWER USE CAMPAIGNS COORDINATED

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THREE nationally-coordinated power use promotions—all tied into the electric industry's power use calendar—have been suggested for rural electric co-operatives in 1959.

Representatives of manufacturers, statewide organizations, state papers, individual cooperatives and the national association of cooperatives worked up and adopted the 1959 co-op program at a conference in Washington.

It is patterned after and follows by just a few months the highly successful stepped-up sales effort initiated by REA last summer. Between 400 and 500 co-operatives participated in that effort.

WATER SYSTEMS

The water system promotion will be promoted in March, April, and May. It will be a pilot pro-

gram in several states, tied in with training meetings conducted by the Water Well Association. Statewides will sponsor these 3-day workshops, which cover the field of pumps and water use generally. The first class covers pumping principles, and is followed by sessions on jet pumps and submersibles. Electric water heaters for all purposes are discussed, and a class is scheduled in water conditioning and filtering. One session is devoted to practical considerations of water use benefits, and another to water sources. There are also classes in how to sell promotions and how to hold water use meetings.

The water use program is based around a contest in which an essay of 25 words or less completes this sentence: "My family needs plenty of clean, pure running water because"

The 3-day workshops will be conducted from January through March. Statewides will work to secure approval before February 1 of all participating co-ops and other organizations, such as State Health Departments, Departments of Education, Extension Service, banks and other loan organizations.

Meanwhile, manufacturers and distributors will be urging dealers to participate and will have worked out their own special promotion plans. Rural electric systems will have held their dealer meetings. Beginning March 1 the promotion will be launched in statewide papers and the co-ops will have followed up with newsletters and direct mail. From March through May co-ops and the Extension Service will carry out a series of meetings, while dealers follow upon leads received

through the contest. The contest will close on May 15 and on June 1 the winner will be announced, with appropriate publicity and ceremonies for presentation of prizes.

FREEZERS

The freezer promotion is scheduled for July and August. Several traffic appliances will be used as premiums—fry pans, sauce pans, mixers, percolators, irons. As in the case of the water system promotion, both statewide and individual co-ops will cooperate with dealers, distributors, and manufacturers on a coordinated campaign beginning three months ahead, from the standpoint of preparation.

An added feature of this promotion is a free drawing to be conducted at the end of the campaign, by consumers who deposit a properly signed coupon with participating dealers, regardless

of whether they have bought anything.

BONUS BUCKS

A Willie Wirehand Bonus Bucks Campaign is scheduled for September, October, and November. Bonus Bucks are certificates which simulate currency of an amount specified; co-op members may use them during the period of the campaign for the amount stated in the purchase of major appliances: freezers, water heaters; ranges; refrigerators; air conditioners; or water pumps. This contest begins with contacts with manufacturers in May, and preparations continue until September, when the first Bonus Bucks are mailed to consumer members, along with promotional material on ranges. A second mailing of Bonus Bucks occurs in October, with promotional material concentrated on another major appliance. The third mailing, in October, uses small appliances for a promotional theme.

A Review

of 1958 Campaigns

By Delegates



John Ford, Manager, Alabama Rural Electric Association

"Last summer ten of Alabama's 15 co-ops put on a coordinated food freezer campaign, with a choice of three incentive appliances to the consumer: electric frypans and lids; mixer set; or steam iron. It was scheduled to be a three-month campaign, beginning in June. However, by the middle of August, these co-ops had sold 963 freezers, and although sales would have gone over 1,000 easily, no more freezers were procurable from manufacturers. A bumper crop of fruit and vegetables in Alabama helped.

"Right now we have a statewide house-heating campaign underway, based on the summer campaign. We are concentrating on southern and central Alabama. We don't need such a campaign in northern Alabama. Because of the beautiful fall we have had, this campaign is going slower than the summer campaign. We will continue it through January."



Bernard Vonderheide, Editor, Rural Kentuckian

"Each year Kentucky cooperatives join in a coordinated statewide promotion campaign. The campaign always begins at the state

level with an annual meeting for distributors in Louisville. The 30 or 40 distributors who attend are told how they can tie in their advertising with the Statewide promotions and how they can advertise in the Statewide paper. Later, we get together individually with each distributor who is interested in a particular promotion. This year, we have been most successful in promoting electric space heating and home water systems."

Earl L. King, General Manager, Iowa RECA



"Beginning last July, 27 Iowa co-ops worked through local dealers on a 60-day statewide freezer promotion. Incentives were choices of three small appliances.

Over 1500 freezers were added to the lines of these systems during the campaign. Some freezer brands were in short supply before the end of the campaign.

"We are now in the midst of a 60-day electric dryer promotion. It is too early to predict results, but we are sure they will be big."



Mark H. Bonner, Jr., Editor, Rural Louisiana

"Electric house heating is the big thing in my State. In southern Louisiana, people are showing interest in baseboard heating. The Southwest

Louisiana Electric Membership Corp., at Lafayette, already has sold more than 200 all-electric homes, through its Medallion Home Program. In northern Louisiana, co-ops are selling more auxiliary electric heating units. Lots of people who use different types of fuel for central heating can be sold electric panel installations for kitchen, bathroom or bedroom."



James R. Cobb, manager of the Texas Electric Cooperatives, Inc.

"In view of the tremendous summer peaks from air conditioning, we believe we should increasingly direct our attention to

house heating. This can build consumer load at a faster rate and contribute more effectively to balanced load. As the result of an intensified effort one cooperative in Texas has about 145 residences completely heated by electricity."



Austin Stewart, director of field services in charge of power use, Indiana Statewide Electric Rural Cooperative, Inc.

"Stimulated by the stepped-up programs of REA and

other organizations, the Indiana Statewide called all distributors and manufacturers together in the most comprehensive meeting of its kind ever held in the state. We worked out a practical program and it is underway. We plan

to follow the national power use calendar and engage in all coordinated programs. Enthusiasm of the REMC's is at a new peak, as reflected by activities of managers and power use advisers. Adequate funds and personnel are being provided for a hard-hitting program."



Kirby Able, Editor, South Carolina Electric Co-op News

"We achieved a saturation in our statewide promotion of water systems of 40 percent. The incentives we used were

radios, sauce pans, and electric razors. The electric razors were nine to one favorites with consumers."

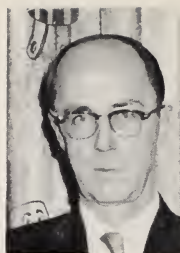


Frank Sahlman, President, Northeast Association of Electric Co-operatives

"There have been several outstanding promotional campaigns recently by in-

dividual co-ops in the northeast. The Vermont Electric Co-op at Johnson recently put 300 water heaters on its lines through a promotion. Currently they are beginning a house heating campaign that has started off with a bang.

"In the Washington Electric Co-op at East Montpelier we have started an electric blanket promotion this month. This month we will give an electric blanket away with each major appliance sold. Next month we will begin selling the blankets, but apply their purchase price toward any major appliance sold to the consumer later. Our Montpelier co-op adds one or more major appliances on its lines every day of the year."



Virgil Cory, Editor, Colorado Electric News

"In conjunction with contractors and the Colorado Farm Power Council, we have held electric house heating clinics in five different locations in Colorado, with

excellent turnouts in each. The Power Council has also cooperated with the University Extension Service in putting on five clinics on mechanical livestock feeding.

"Montana and Wyoming co-ops have also been very active in promotion. House heating is growing in those states by leaps and bounds."



Lyle Dunham, Illinois Load Development Coordinator

"In 1957 we ran a three-month coordinated promotion of clothes dryers. Fourteen co-ops which participated added over 700 dryers to their

lines. Using that same program as a basis, we are currently carrying on a promotion of both automatic washers and dryers. Seventeen co-ops are participating in this year's program. We expect great things of it."



Bevin Alexander, Editor, Rural Virginia

"At the last meeting of the Power Use Council of Virginia, it was voted to have a continuing statewide program for every co-op, tied in with the national

program. We intend to promote a package deal each month and publicize it through the RURAL VIRGINIAN."

Operating A Rural TELEPHONE BUSINESS



Basically, operating a rural telephone business is like operating any other telephone business. This is the first of a series of articles on rural telephone company operation.

The What And Why Of Your Telephone Tariffs

By J. Ernest Hartz, Management Analyst, TOLD

JOHN Doe, one of REA's newer telephone borrowers, has just completed compiling his organization's telephone tariffs. It looked like a formidable job when he began. However, once he got started, it wasn't nearly as tough as it looked. He used the example shown in Section 1510 of the REA Telephone Operations Manual as a model. His State Telephone Association helped him out with a few sections. He filed his tariffs with his State Utility Commission, and had no difficulty at all in getting them authorized.

Was this paperwork worth the trouble? It certainly was. With his tariffs on file with the Commission, he has an iron-clad agreement between his company and the Commission which spells out his company's regulations, rates, obligations and privileges.

The tariffs become parts of the subscriber contracts.

A telephone company's tariffs are much more than simple schedules of rates and charges. They outline the provisions and conditions under which the company agrees to provide services, as well as the responsibilities assumed by the subscriber.

Look at the application for service, or service record card, which your subscribers sign when they apply for service. The wording states that your company's tariffs are part of the contract between the subscriber and your company. If such wording is not there, it should be. Furthermore, a copy of the tariffs should be available at all times so that anyone applying for service may see the list of all of the services offered, the rates and conditions

under which they will be provided, how charges are computed and the bills collected.

LET'S take a look at your individual service contract. If it contains the proper reference to tariffs the subscriber needs to sign only one service contract. In so doing he agrees to all provisions in the tariffs, not only as they apply to the services he orders at first, but also as they apply to changes or additional services which he may order later on.

Only the person signing his agreement to conditions spelled out in tariffs is legally liable for payment of all bills arising from service which is provided to the telephone number assigned by the telephone company. Only he is responsible. All charges for service and transactions pertaining to service must be made with him or his agent. If he dies, moves away, or wishes to be released from this responsibility, this contract is terminated and the account is closed. If service is to be established later for another person at the same address, the new subscriber should sign a new contract, even though no physical changes are involved.

In reestablishing service, a former subscriber is usually not required to sign a new contract. His agreement to tariff provisions is already on file. If tariffs have been changed in important details since the date of this agreement he should be informed of them. Notice that it is not necessary to obtain new contracts when tariff changes are made and approved by a public service commission. The commission's action and final decision after a hearing, or other

suitably advertised opportunity for any subscriber to protest changes, is binding upon all subscribers.

A telephone company produces and sells only services. There are a great many of these, even for small companies with few subscribers. While ultimately all of them are concerned with providing telephone communication, they must be described by groups and classes of services. Even within the groups, the comparative value of services is not as obvious as, for instance, in articles for sale in a hardware store. Nevertheless, services should be classified, priced, and explained in tariffs in a manner which can be clearly understood by the public as well as by employees of the company. Added complications arise in rate structures which are impractical, not only with regard to subscribers as individuals, but also from the standpoint of providing all subscribers satisfactory service within an entire exchange, system, or area. This will be discussed in a subsequent article in this series.

Most states require telephone companies to prepare and file tariffs for authorization by the state regulatory commission. Usually state commissions or local governing bodies are empowered to grant established service areas to companies which can demonstrate that they serve, or can serve, specific areas satisfactorily. If a company's tariffs are found to be satisfactory they are authorized by the governing body. They then become effective parts of the agreement between the company and the public. They constitute specifications and rates

for services which the company agrees to furnish.

In return the commission agrees, for the public, to protect the company's service area, and its right to earn a reasonable return on its investment.

Has your company filed satisfactory tariffs? If not, it should do so without delay.

Are your employees, especially those in daily contact with the public, familiar with the company's tariffs and capable of interpreting them properly?

Are tariffs available to the public for review upon request?

Are there any provisions, or

is there any lack of provisions, in your tariffs which are impractical, unworkable in your area, or otherwise capable of causing trouble or misunderstanding? If so, why not correct them?

The next article in this series will discuss several tariff provisions concerned with Extension Telephone Services which sometimes turn out to be troublesome in rural areas. Watch for it.

Section 1510 of your Telephone Operations Manual contains a sample tariff. Additional copies of this section may be obtained by writing the Telephone Operations and Loans Division, REA.

Wisconsin Holds Accounting School

BORROWERS of REA funds recently benefited from an Accounting School sponsored by the Wisconsin State Telephone Association at Madison, Wisconsin.

The first of its kind to be conducted in the state, it was the result of efforts of five men: Henry Pfister of the Accounting Department and D. J. Nicholson, of the Engineering Department, Public Service Commission; John T. Samdahl, Assistant Controller of General Telephone Company of Wisconsin; Bob Harvey, REA Field Accountant; and A. G. Kiesling, a certified public accountant. Ray J. Riordan, Executive Secretary of the Association, completed arrangements for the seminar.

The sessions lasted for two days and gave detailed instruction on Balance Sheets and Operating Statements, Material and Time Reports, Service Orders, Perpetual Inventories, Work Orders and methods of

handling material and supply accounts.

The school was heralded as a success, according to State Association Secretary Riordan. He stated that planning for another is underway now.

REA borrowers were represented by: Gordon Grant, Marquette-Adams Telephone Cooperative; A. B. Quam, Shell Lake Telephone Company; W. D. Stevens, Ogema Telephone Company; Byron Dale, Nelson Telephone Cooperative, Durand; R. C. Wetterlin, Vernon Telephone Cooperative, Viroqua; Ray Kinnear, Solon Springs Telephone Company; Leonard Linden and Francis Nero, Farmers Independent Telephone Company, Grantsburg; Andrew Omtvedt, Chibardun Telephone Cooperative, Prairie Farm; Le Roy A. Manke, Coon Valley Farmers Telephone Company; and John Dybedal, Chequamegon Telephone Cooperative, Cable.

Flaming Gorge Meant Feasibility



THE Union Telephone Company was in bad shape a few years ago. The system was worn and old; its future looked bleak. Then along came the Flaming Gorge Dam Project to give this phone company a new lease on life.

The Union Telephone Company is located at Mountainview, in the Bridger Valley of southwestern Wyoming, named for Jim Bridger, famous guide and fur trader. Old Jim chose this well-watered oasis in the desert country for his trading post and fort.

The valley's water and grass make prosperous cattle and sheep ranches. But it is a long way between ranches and there is little else in the valley except small logging outfits and the Church Buttes gas field, up on the rock breaks where the desert begins. The sparse population made it hard enough for John D. Woody, who leased the system from the Union company, to break even, let alone try to figure out a source of wherewithal for modernization and repair of the plant.

Mr. Woody's son Howard was

line foreman for the Bridger Valley Electric Association, an REA borrower also located at Mountainview. Howard learned about climbing poles and stringing wire at an early age from his father. He still helped out as a telephone lineman in his spare time. His enthusiasm for REA loans spread among the telephone company officials and stockholders.

HOWEVER, proving feasibility for a loan wasn't easy. The Union Telephone Company was bordered in the valley by a telephone system at Lyman. That limited its chance to spread much in that part of Wyoming—its Wyoming franchise covered parts of Uintah and Sweetwater counties. However, the company was also franchised in Summit and Daggett counties across the state line in Utah, 50 miles away. This franchise was hardly used, except for a few stations in one of the few small settlements in this mountainous wilderness. But opportunity knocked in this unlikely area when the Bureau of Reclamation chose Flaming Gorge for the site of a dam big enough to generate 108,000 kilowatts, as

well as fulfill downstream water rights on the Lower Colorado River, and also provide water for irrigating new land.

Flaming Gorge is a canyon along the state line, where the Green River cuts into the Uinta Mountains on its way south to join the Colorado. It's a long way from Mountainview. The new construction camp of Dutch John, Utah, is 19 miles on a temporary access road from Highway 530, which runs north 60 miles to Green River, Wyoming. A gravel road, passable in good weather, will lead you to Vernal, Utah, 89 miles south. Mountainview is 55 miles southwest of Green River on U. S. Highway 30.

Loan feasibility was based on the immediate future, that 10 years in which the construction workers would swarm around Dutch John, and swell the population of Manilla. No doubt the region would grow as a recreational area after the construction was done. However, the Utah construction had to be a 10-year loan. The Bureau of Reclamation helped with \$70,000 for prepayment of costs on the line to the dam.

FEASIBILITY, however, wasn't based on the dam project alone. When the dam project was announced in the Union Telephone Company's franchise area, the company at Lyman decided to merge with the Union company, since it would be to the advantage of both.

The loan from REA was approved in December of 1956. The company then had 345 subscribers and about 50 miles of line. The loan was based on a proposed system of 307 miles of line, of which 15 miles would be retained from the old line, 28 miles rebuilt, and 264 miles of new line added.

The subscriber list, on the loan application, was estimated to more than double, reaching a total of 711, of which 500 would be in Wyoming, the rest in Utah. The firm of Woody and Woody were to continue their lease until the cutover, and Howard Woody was hired as the new manager.

Manager Howard Woody has speeded construction in the past 2 years, working night and day, usually with a shortage of help. Already over 600 subscribers are receiving service, to include 124 stations at Flaming Gorge.

"The Flaming Gorge toll business really helps pay the freight," says Woody. "Last month we paid a long distance bill of \$2,700 to the Mountain States Telephone Company. Our share of those tolls is particularly welcome to us at this time.

"Since April 15th, when the line was finished to Flaming Gorge, our phone lines are jammed all the time with long distance calls. Engineers and contractors are calling Salt Lake, or

Rocks like these made hole digging impossible by usual methods.





Howard Woody on the backhoe which solved his digging problem.

Washington, or dozens of other places. We can expect this kind of business for a few more years from the dam builders, and after that, the dam will create new business for us."

UNDERNEATH the Bridger Valley is water, boulders, and rock. There is little or no topsoil, the water is just beneath the surface. This is great for sinking sand points, and for growing grass. It makes growing small grain next to impossible.

It was also a headache to telephone company Manager Woody. He found it impossible to bore telephone pole holes with standard equipment.

Woody solved this problem by buying a backhoe. It was purchased from general funds, since a backhoe had never been anticipated to be needed for this purpose, hence was not standard authorized equipment. The backhoe is frequently leased to outsiders, who have similar problems, and is so much in demand that it is rapidly paying for itself.

Another problem Woody shares with other range country borrowers is attracting and holding personnel.

"We have a good crew here," says Woody. "So far we can handle all the trouble in good shape. But Mountainview is a long way from a trained labor pool, if we ever need to expand the staff or make replacements. Even small companies like us have to think about training programs and employee relations."



Part of the new construction camp at Dutch John, Utah.

J. C. Anderson, President of the Union Telephone Company places a call from Dutch John to Salt Lake City.



Symposiums for

CPA's

by Howard C. Paine

Staff Accountant, TOLD

MORE uniformity in telephone program auditing will result from a series of symposiums held in five cities recently by REA with certified public accountants. The one-day meetings took place in Washington, D. C.; Atlanta; Fort Worth; Des Moines; and Portland, Oregon. They attracted a total of 164 representatives of certified public accountants who are auditing, or are interested in auditing, the records of REA borrowers. Also attending were representatives of several borrowers, and others interested in the REA programs.

The meetings were planned for the purpose of outlining telephone accounting requirements, and minimum standards for auditing telephone borrowers, as well as orienting CPA's with the relationship between REA and its borrowers, including REA's interest in account auditing. The program included a discussion of the audits of electric borrowers, since many of the firms represented also are interested in electric auditing.

REA staff members pointed out deficiencies noted in audit reports submitted to REA. They also made a presentation of construction procedures and plant accounting.

ACCOUNTING REQUIREMENTS

In outlining basic accounting requirements, it was strongly emphasized that the borrower's accounting records must be in accordance with the system prescribed by the regulatory commission of the state in which the borrower operates. Where there is no such commission, records must be in accordance with the FCC system of accounts.

It was pointed out that borrowers must maintain certain supplementary accounts as set forth in REA Bulletin 461-1. They must use the accrual system of accounting and maintain adequate subsidiary ledgers and cost records.

AUDIT PROGRAM

Special stress was placed on the importance of the annual audit to both borrowers and REA, in discussing the CPA audit program, now applicable to about 65 percent of telephone borrowers.

Items covered in the telephone audit program discussion included: selection and approval of CPA's; reporting of irregularities; basis and timing of requests for audits; REA recommendations regarding dates of audit; acceptance of balance of prior audits as a beginning point for new audits; and the responsibility of CPA's with respect to construction loan fund transactions.

DEFICIENCIES

Deficiencies in audit reports pointed out by TOLD accountants were outlined. They included:

too brief and inadequate comments; late reports; inadequate explanations of journal entry adjustments; failure to include basic schedules; failure to observe the requirements of the governing system of accounts; classification of deferred interest as a current liability; insufficient comment on major deficiencies in borrower's procedures; and failure to indicate extent of verification of balance sheet items.

MEETING RESULTS

REA representatives expressed gratification at the interest shown by participants, which indicated that periodic conferences with

CPA firms are worthy of consideration. They suggested that closer liaison be kept with CPA firms and that those firms which are interested be placed on the mailing list for all REA publications relating to accounting and auditing. Because of the meetings, it is believed that a much better understanding of REA auditing requirements resulted, and more uniformity in the performance of audits in accordance with minimum standards is anticipated. For its part, REA is planning to review its auditing standards to establish generally uniform guidelines for both the electric and telephone programs.

New Telephone Advisory Committee Meets

Standing, left to right: Edward D. Hildreth, DeKalb Telephone Cooperative; J. P. Maguire, Central California Telephone Company, Taft, Cal. (new member); Harold L. Ericson, Minnesota Central Telephone Company; Donald Dickson, Project Mutual Telephone Cooperative Association, Inc., Rupert, Ida. (new member); Clyde E. Eskridge, Mid Century Cooperative Telephone Association, Canton, Ill. (new member); Downing Musgrove, Homerville Telephone Company, Inc., Homerville, Ga. (new member); Orla L. Moody, staff engineer, AT & T, New York; Harold C. Ebaugh, Triangle Telephone Association, Inc., Havre, Mont. (chairman); James A. Cobb, Heins Telephone Company, Sanford, N. C. (new member); D. J. McKay, Golden Belt Telephone Association, Inc., LaCrosse, Kan. (new member); and Joe Roberts, Inter-County Telephone Company. Seated, left to right: Roy C. Boecher, Pioneer Telephone Cooperative, Inc.; W. G. Winters, Texas Telephone and Telegraph Company, Houston, Tex. (new member); Norman H. McFarlin, Assistant Administrator of REA; Kenmeth L. Scott, Director, Agricultural Credit Services, USDA; David A. Hamil, Administrator, REA; Ralph J. Foreman, Deputy Administrator, REA; William C. Henry, Northern Ohio Telephone Company; Harold G. Payne, Murraysville Telephone Company, Greensburg, Pa. (new member); and Fred R. Harris, Southern Telephone Company. Riggs Shepherd, Southwest Texas Telephone Cooperative, Inc., is not pictured. New members will serve until June 30, 1960.



Sam Shepard's Second Century

WHEN anybody around Bar Mills, Maine, mentions "Uncle Sam," it's pretty generally understood that he means the town's oldest inhabitant, Samuel B. Shepard, and not the United States Government.

Actually, "Uncle Sam" Shepard, who is president of the Saco River Telegraph and Telephone Company, was born within 45 years of the symbolic Uncle Sam. The tall figure with the chin whiskers and top hat was created during the War of 1812; Mr. Shepard was born on August 24, 1857.

When Mr. Shepard celebrated his 101st birthday last summer, many friends, including members of Congress and State officials, came to call on him and to wish him well. He was one of five men who incorporated the Saco River company in 1889, and for 69 of his 101 years he has been in the telephone business.

Saco River was the first Independent telephone company in Maine. It started business just 13 years after Alexander Graham Bell told his assistant Watson to "Come here," and completed the world's first telephone call. (Mr. Bell, by the way, was only 10 years older than Sam Shepard.)

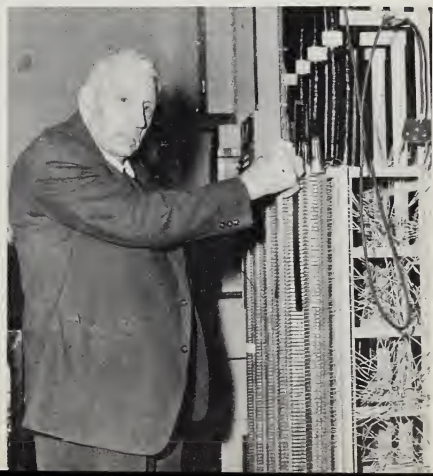
Mr. Shepard was president of the firm from the start, and, until a short time ago, he also served as manager.

Saco River received its first REA loan in 1955 and since has

converted its magneto system to automatic dial service. It now has well over 1,000 subscribers, and about a year ago it moved into its own modern headquarters building.

As he embarks on his second century, Sam Shepard not only keeps in close touch with his business, but continues his lifelong interest in politics and world affairs. He reads the Maine newspapers and also scans a Boston daily and the *Congressional Record*. He's up to date on the problems of today's world and is refreshingly objective about everything—except Maine politics. He still enjoys talking about his more active years, recalling his days as a member of Maine's legislature in the 1890's, or reminiscing about the short-lived Greenback Party. Uncle Sam also likes to tell about the visit to Colby College, during his student days, of the famous Sen. James G. Blaine, Maine's "plumed knight" and a presidential candidate in 1884.

Mr. Shepard's keen eye and firm handclasp are those of a much younger man. A recent out-of-town visitor promised to try and come back for his 102nd birthday party next August. Uncle Sam replied: "If you're in this vicinity any time during the next *ten* years, you be sure to stop in and see me."

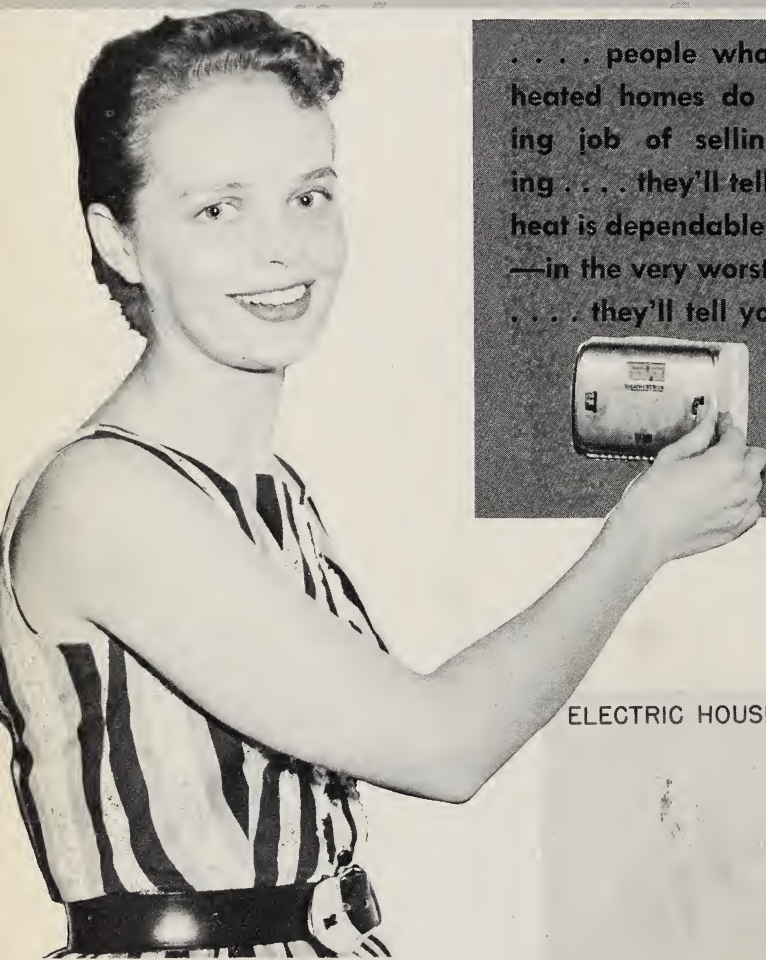


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